



To: Indiana Housing Finance Authority Board of Directors  
 From: Sheryl Sharpe, Wendy Landes, and Jacob Sipe  
 Date: September 26, 2002  
 Re: Indiana Low Income Housing Trust Fund Loan

On August 1, 2002, IHFA received one application for \$200,750 in Trust Fund financing to assist 8 units. Staff respectfully recommends this loan for Trust Fund financing. The next deadline for submitting applications for funding is December 2, 2002.

**Community Action Program, Inc. of Western Indiana**

**TF-02-02**

**Trust Fund Amount Requested:** \$200,750.00  
**Trust Fund Amount Recommended:** **\$200,750.00**  
**Total Project Costs:** \$649,930.00  
**Primary Project County:** Vermillion  
**Project Name:** Cayuga Apartments Phase II  
**Housing Activity:** Rental - New Construction  
**Loan Type:** Construction Financing that Converts to Short-Term Permanent Financing  
**Anticipated # of Assisted Units:** 8  
**Income Range:** 12.5% (1 unit) at or below 60% AMI  
 25% (2 units) at or below 50% AMI  
 62.5% (5 units) at or below 40% AMI

<b>Loan Terms</b>	<b>Requested</b>	<b>Recommended</b>
<b>Loan Amount</b>	\$200,750.00	\$200,750.00
<b>Rate</b>	1%	1%
<b>Term</b>	7 years	7 years
<b>Amortization</b>	19.35 years	19 years
<b>Security</b>	1 <sup>st</sup> mortgage position	1 <sup>st</sup> mortgage position
<b>Repayment Schedule</b>	Semi-annual simple interest payments during construction; principal and interest payments beginning at construction completion with a balloon payment at the end of the term	Semi-annual simple interest payments during construction; principal and interest payments beginning at construction completion with a balloon payment at the end of the term

The Community Action Program, Inc. of Western Indiana will use a Trust Fund loan for Rental - New Construction. The organization anticipates assisting 8 units in the Town of Cayuga. Staff is also

recommending a HOME award of \$336,500 during this funding round for this same development. Community Action Program, Inc. of Western Indiana will draw down the Trust Fund loan when construction is two-thirds complete. They anticipate this will occur in July 2003.

Additionally, the borrower on an existing Trust Fund loan has requested a modification. Staff respectfully recommends the following change.

**Sullivan County Preservation Alliance**

**TF-99-09**

This loan was approved in October 1999 for 12 units of rental housing for seniors. The development is located in Sullivan, Indiana and also used Rental Housing Tax Credits to finance the development costs.

	<b>Original Terms</b>	<b>Revised Terms</b>
<b>Loan Amount</b>	\$438,000.00	\$200,000.00
<b>Outstanding Principal</b>	\$438,000.00	\$200,000.00
<b>Loan Type</b>	Construction Financing	Short-term Permanent Loan
<b>Rate</b>	4%	7.5%
<b>Term</b>	2 years	4.5 years
<b>Amortization</b>	N/A	20 years
<b>Loan Execution Date</b>	November 30, 1999	N/A
<b>Maturity Date</b>	November 30, 2001	November 30, 2006
<b>Security</b>	2 <sup>nd</sup> mortgage	1 <sup>st</sup> mortgage
<b>Repayment Schedule</b>	Semi-annual interest-only payments with a balloon payment at the end of the second year.	Monthly principal and interest payments with a balloon payment at the end of the term.

In April 2002, the IHFA Board of Directors approved a modification to convert the loan from construction to short-term permanent financing as shown above. This modification was made contingent upon IHFA approving IRS Form 8609 for this development and the borrower making a lump sum payment to IHFA of \$238,000 plus accrued interest and penalty interest no more than 15 days after receipt of IRS Form 8609.

Since that time, the borrower has been working with IHFA staff on the submission of documents required in order for IHFA to issue IRS Form 8609. This process has taken several months to complete, and the borrower has asked that IHFA waive the \$28,324 in penalty interest that has accrued. Staff recommends that it be waived.